

**Statement of Bruce I. Knight  
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United States Department of Agriculture  
Before the House Appropriations Subcommittee on Agriculture, Rural  
Development, Food and Drug Administration and Related Agencies  
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Thank you for the opportunity to appear before you today to discuss our FY 2005 budget request.

Last year, when I met with this Subcommittee, I had been in the position as Chief of NRCS for one year. I focused much of my remarks on implementation of the Farm Bill and the challenges that we faced in carrying out that legislation. I am very proud of the performance of our agency in getting the work done. To date, NRCS has published rules for nine major programs, with the Conservation Security Program proposed rule currently out for public comment. In addition, we have three new rules soon to be released as well.

We challenged NRCS staff throughout the nation in FY 2003. And when the year drew to a close it was clear that our field staff had answered the call. Roughly \$2.3 billion in discretionary and mandatory conservation dollars successfully reached farmers, ranchers and other customers. This represents a half-billion dollar increase over last year. In turn, the streamlining and efficiencies NRCS has gained meant that even more conservation funding could be utilized for financial assistance to producers. But beyond the successes measured in terms of funds, the work NRCS completed this year will have a lasting impact on the nation's land, water, and air resources for generations to come.

Along with the Farm Service Agency, NRCS successfully deployed the Grassland Reserve Program, with more than \$1.7 billion in potential projects offered up by producers. All of these milestones were realized while the agency was developing and utilizing a nationwide cadre of technical service providers, and continuing to strive toward even greater efficiencies and organizational improvements. NRCS staff has worked tirelessly to meet the demands and opportunities presented by the Farm Bill legislation and we are proud of their accomplishments.

These accomplishments have also come within the context of the challenges that we face on funding for technical assistance. As you are aware, the current situation has necessitated that we utilize funding from various Farm Bill program accounts to support other conservation programs including the Wetlands Reserve Program and Conservation Reserve Program. The President's budget request proposes to address that issue by establishing a discretionary account for technical assistance for CRP and WRP.

Our focus remains to provide excellent service to our customers, and I am very proud of what we accomplished. Last year, NRCS and our partners:

- Provided technical assistance on over 32.5 million acres of working farm and ranch land to reduce erosion, sedimentation and nutrient runoff, enhance water quality, restore and create wetlands, and improve and establish wildlife habitat;
- Developed and applied more than 8,000 comprehensive nutrient management plans;
- Served nearly 3.8 million customers around the country;

- Completed or updated soil survey mapping on 22.5 million acres;
- Logged over a million hours of Earth Team volunteer time for the second year in a row;
- Executed over 30,000 Environmental Quality Incentives Program contracts with more than \$483 million in financial assistance provided to producers;
- Funded more than 500 easements in the Farm and Ranch Lands Protection Program, protecting 119,000 acres of prime farmland;
- Funded over 2,100 Wildlife Habitat Incentives Program contracts; and,
- Helped land managers create, restore or enhance 334,000 acres of wetlands;
- Helped local sponsors complete construction of 60 flood protection structures.

As we move forward in FY 2005, there are many challenges and opportunities ahead, with NRCS playing a central role in meeting the Administration's conservation objectives. We will look to you to build upon the fine accomplishments achieved this year to reach an even brighter future.

### **Increasing Third-Party Technical Assistance**

With the historic increase in conservation funding made available by the 2002 Farm Bill, NRCS will look to non-federal partners and private technical service providers to supply the technical assistance needed to plan and oversee the installation of conservation practices. I am proud to report that, as of the beginning of February 2004, NRCS has over 1,500 individuals certified as TSPs, with 1,100 more individuals pending. In terms of businesses, NRCS has certified 130, with over 200 more applications in process. In

FY 2003, NRCS set aside \$20 million for utilization of TSPs, with that funding quickly utilized across the nation. For FY 2004, we are goaling a figure of \$40 million for TSPs. We are excited about the prospect of TSP expertise continuing to complement our ongoing work.

### **Streamlining and Cost Savings**

In 2003, NRCS devoted considerable effort to streamline our operations, becoming leaner and more efficient in delivering our core work. Last year, NRCS:

- Updated nearly 70 conservation technical standards;
- Deployed the NRCS Electronic Field Office Technical Guide;
- Streamlined program delivery, resulting in reduced costs without compromising quality;
- Worked closely with FSA to implement Conservation Reserve Program technical assistance cost savings that resulted in an additional \$38 million in allocations to Environmental Quality Incentives Program, Wildlife Habitat Incentives Program, Grassland Reserve Program and the Wetlands Reserve Program;
- Developed new software called PROTRACTS to speed up and keep up with the processing of the large increase in farm bill program contracts to allow more time and dollars to be directed toward planning and applying conservation on the land; and
- Transitioned from an offset to a direct charge method of accounting to be better able to identify and control costs.

In 2005, we will continue working on many fronts. We will continue streamlining and getting more efficient in working with our partners as well.

### **Discretionary Funding**

The President's FY 2005 Budget request for NRCS reflects our ever-changing environment by providing resources for the ongoing mission of NRCS and ensuring that new opportunities can be realized.

### **Conservation Operations**

The President's FY 2005 Budget request for Conservation Operations proposes a funding level of \$710 million which includes \$604 million for Conservation Technical Assistance (CTA). The CTA budget will enable NRCS to maintain funding for ongoing high priority work.

High priority ongoing work that will be maintained includes addressing water pollution associated with animal agriculture. In addition to regular technical assistance support provided to grazing land customers, the budget proposes to provide funding for the Grazing Land Conservation Initiative (GLCI) at \$21.5 million in 2005 which is included in the \$604 million for CTA. The GLCI is a private coalition of producer groups and environmental organizations that supports voluntary technical assistance to private grazing land owners and managers.

The Conservation Operations account funds the basic activities that make effective conservation of soil and water possible. It funds the assistance NRCS provides to conservation districts, enabling people at the local level to assess their needs, consider their options, and develop plans to conserve and use their resources. Conservation Operations supports the site-specific technical assistance NRCS provides to individual landowners to help them develop and implement plans that are tailored to their individual goals. It also includes developing and implementing the technology and standards that are used by everyone managing private lands natural resources. It includes our Soil Survey and Snow Survey Programs and other natural resources inventories, which provide the basic information about soil and water resources that is needed to use these resources wisely.

We have made great strides in developing an effective accountability system with the support of Congress. This accountability system has allowed us to accurately track our accomplishments and costs.

### **Farm Bill Technical Assistance**

As I described earlier in my statement, technical assistance funding for farm bill programs continues to be a challenge as we look ahead to FY 2005. Fully funding technical assistance for the Farm Bill programs is essential to ensure the environmental benefits that are expected from the significant increase in conservation spending. The 2005 Budget proposes to establish a Farm Bill Technical Assistance (FBTA) account at a level of \$92 million and would provide technical assistance funding for two of the 2002

Farm Bill conservation programs, the Conservation Reserve Program and the Wetlands Reserve Program.

This new account will be used to develop contracts, design, and oversee the installation of conservation practices and maximize the amount of dollars available to help farmers and ranchers install on-the-ground conservation projects. Establishing a technical assistance account for these two programs will also increase the financial assistance dollars available to carry out other Farm Bill programs.

**Watershed and Flood Prevention Operations.** The 2005 Budget proposes funding for the PL-566 Watershed Program, but requests no funding for the Emergency Watershed Protection program. With emergency spending being so difficult to predict from year to year, the budget proposes instead to direct available resources to those projects that are underway and for which federal support is critical to their successful implementation. The FY 2005 budget proposes \$40,173,000 for this program.

**Watershed Surveys and Planning.** NRCS works with local sponsoring organizations to develop plans on watersheds dealing with water quality, flooding, water and land management, and sedimentation problems. These plans then form the basis for installing needed improvements. The Agency also works cooperatively with State and local governments to develop river basin surveys and floodplain management studies to help identify water and related land resource problems and evaluate alternative solutions. The 2005 Budget requests \$5.1 million to ensure that this important work is continued.

**Watershed Rehabilitation Program.** One of the agency's strategic goals is to reduce risks from drought and flooding to protect community health and safety. A key tool in meeting this goal is providing financial and technical assistance to communities to implement high priority watershed rehabilitation projects to address dam safety. The budget proposes \$10.1 million to continue the work begun in 2002.

**Resource Conservation and Development (RC&D).** The purpose of the RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop, and carry out programs for resource conservation. NRCS also helps coordinate available Federal, State, and local programs that blend natural resource use with local economic and social values. The 2005 Budget proposes a level of \$50.7 million which will support the 375 RC&D areas now authorized.

### **Farm Bill Authorized Programs**

**Environmental Quality Incentives Program (EQIP).** The purpose of EQIP is to provide flexible technical and financial assistance to landowners that face serious natural resources challenges that impact soil, water, and related natural resources, including grazing lands, wetlands, and wildlife habitat management. We have seen that producer demand continues to far outpace the available funding for EQIP. At the end of January 2003, we published revised resource concerns and program rules for EQIP resulting from the changes enacted in the new Farm Bill. We believe that the increased program flexibility and improved program features will continue to make EQIP one of the most



popular and effective conservation efforts Federal government-wide. The budget proposes a level of \$1 billion for EQIP.

**Wetlands Reserve Program (WRP).** WRP is a voluntary program in which landowners are paid to retire cropland from agricultural production if those lands are restored to wetlands and protected, in most cases, with a long-term or permanent easement.

Landowners receive fair market value for the land and are provided with cost-share assistance to cover the restoration expenses. The 2002 Farm Bill increased the program enrollment cap to 2,275,000 acres. In FY 2003, the administration apportioned a total of 213,280 acres for the year. The FY 2005 Budget request estimates that about 200,000 acres will be enrolled in 2005, an appropriate level to keep us on schedule to meet the total acreage authorization provided in the Farm Bill.

**Grassland Reserve Program (GRP).** The 2002 Farm Bill authorized the GRP to assist landowners in restoring and protecting grassland by enrolling up to 2 million acres under easement or long term rental agreements. The program participant would also enroll in a restoration agreement to restore the functions and values of the grassland. The 2002 Farm Bill authorized \$254 million for implementation of this program during the period 2003-2007. The FY 2005 Budget proposes funding GRP at \$84 million.

**Conservation Security Program (CSP).** CSP, as authorized by the 2002 Farm Bill, is a voluntary program that provides financial and technical assistance for the conservation, protection, and improvement of natural resources on Tribal and private working lands.

The program provides payments for producers who practice good stewardship on their agricultural lands and incentives for those who want to do more. While NRCS is currently in the rule making process, this program will round out the portfolio of conservation programs. The FY 2005 Budget proposes funding the CSP at \$209.4 million and would enroll nearly 12,000 contracts.

**Wildlife Habitat Incentives Program (WHIP).** WHIP is a voluntary program that provides cost-sharing for landowners to apply an array of wildlife practices to develop habitats that will support upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of wildlife. The budget proposes a funding level for WHIP of \$60 million.

**Farm and Ranch Lands Protection Program (FRPP).** Through FRPP, the Federal government establishes partnerships with State, local, or tribal government entities or nonprofit organizations to share the costs of acquiring conservation easements or other interests to limit conversion of agricultural lands to non-agricultural uses. FRPP acquires perpetual conservation easements on a voluntary basis on lands with prime, unique, or other productive soil that presents the most social, economic, and environmental benefits. FRPP provides matching funds of no more than 50 percent of the purchase price for the acquired easements. The budget proposes a level of \$125 million for FRPP in FY 2005.

## **Conclusion**

As we look ahead, it is clear that the challenge before us will require dedication of all available resources – the skills and expertise of the NRCS staff, the contributions of volunteers, and continued collaboration with partners. Conservation Districts, Resource Conservation and Development Councils, State and local agencies, and other valuable partners continue to make immeasurable contributions to the conservation movement. In FY 2003, these organizations contributed over \$1 billion to NRCS programs. It is this partnership at the local level that makes a real difference to farmers and ranchers. And as we move forward, we will accelerate the use of third-party sources of technical assistance as well. We recognize that the workload posed by future demand for conservation will far outstrip our capacity to deliver, and seek to complement our resources with an appropriate system of qualified expertise.

But it will take a single-minded focus and resolve if we are to be successful. I am proud of the tenacity that our people exhibit day in and day out as they go about the work of getting conservation on the ground. I believe that we will be successful. But it will require the continued collaboration of all of us, especially Members of this Subcommittee because available resources will ultimately determine whether our people have the tools to get the job done. I look forward to working with you as we move ahead in this endeavor.

This concludes my statement. I will be glad to answer any questions that Members of the Subcommittee might have.